



2001 Retirement Legislation

The 2001 Legislature passed several retirement-related bills which have been signed into law by Governor Martz. The bills which affect retired members of the retirement systems administered by the MPERA are summarized in this issue of *Directions*. Some of the legislation affects retirees in all or several systems, while other legislation specifically addresses only one system. Look for the articles which are for “all systems” (these articles are for all systems **except** the VFCA) or those with the acronym for your retirement system. Information in this newsletter is for the following retirement systems administered by the MPERA:

- Public Employees’ (**PERS**)
- Highway Patrol Officers’ (**HPORS**)
- Game Wardens’ and Peace Officers’ (**GWPORS**)
- Firefighters’ Unified (**FURS**)
- Judges’ (**JRS**)
- Sheriffs’ (**SRS**)
- Municipal Police Officers’ (**MPORS**)
- Volunteer Firefighters’ Compensation Act (**VFCA**)
(See information below for the VFCA.)

Information for VFCA Retirees

House Bill (HB) 515 and HB 523 allow a retired volunteer firefighter under the VFCA to return to active service under certain circumstances, and increase the benefit payable to a retired volunteer firefighter, respectively.

In the past, retirees have not been allowed to return to active service under any circumstances without the loss of retirement benefits. The 2001 Legislature, through HB 515 sponsored by Representative Larry Lehman, amends the law. In the event of a declared national, state, or local emergency affecting Montana, a retired volunteer firefighter who is not receiv-

ing a disability benefit, may return to active service with a fire company for the duration of the declared emergency without becoming an active member of the VFCA and without loss of benefits. The fire chief has the sole responsibility of deciding who may return to active service after a government official has declared an emergency.

HB 523, sponsored by Representative James Whitaker, increases the pension benefit from \$100 to \$150 a month, effective with the July 2001 benefit. A partial benefit is calculated by multiplying the full pension benefit by a fraction consisting of member’s years of service as the numerator and 20 years as the denominator.

GABA Changes for All Systems

The 2001 Legislature passed three pieces of legislation to enhance the Guaranteed Annual Benefit Adjustment (GABA). This benefit, which increases the retirement benefit annually, first became effective July 1, 1997. Enhancements to the GABA for all retirement systems (except the VFCA) administered by the MPERA, are summarized below.

HB 294 Increases the GABA

The GABA is increased from 1.5 percent to 3 percent with legislation sponsored by Representative Dave Lewis. It ensures an increase to the retirement benefit of 3 percent over the previous year. Other events which may increase a retiree’s benefit will reduce the increase from the GABA. If other increases exceed 3 percent, then there will be no increase from the GABA. You will receive the 3 percent increase beginning with your January, 2002, benefit if you have been retired for 12 months or more prior to January 1, 2002.

From the Board . . .

by Terry Teichrow, President

The legislature has come and gone for 2001. We won't know until late this year how the 2001 wine grape harvest will turn out, but for the MPERA, retirees, and those looking forward to retirement, "It was a very good year."

I am happy to share with you some of the reasons for our legislative successes. The successes I refer to are benefit enhancements such as: 3 percent GABA and a 12-month wait period; purchase power adjustments; GWPORS 20-year retirement; HPORS age adjustment; VFCA benefit increase, and numerous other retirement-related bills. The MPERA staff and the board tracked 40 bills and supported 25 bills. We were almost 100 percent on our bills.

One reason for that success was a good working relationship with the SAIC Legislative Committee in the interim of 2000. That committee reviews all we propose and makes recommendations to the full Legislature. We had great support from that committee leading up to the 2001 Legislature. Many thanks can be awarded to the Legislature itself for its support. Many legislators were new, they asked many questions, they were serious and critical, at times they had a few raised eyebrows at the magnitude of our requests, but in the end the votes cast showed strong support for your issues.

Another important reason were the retirement group associations and their representatives who brought their ideas to the MPERA and the Board. Your representatives came to Helena early, they came often, and they were well prepared to work with the MPERA staff in the preparation and presentation of proposed bills. That preparation and the many members, retired and active, who came to the hearings to testify gave the Legislature a good reason to support us this session.

The last part of the overall success was the Board's MPERA staff and our Legislative Lobby Team. They performed a seemingly endless (for 6 months or more) job of preparation, writing, perfecting, teaching legislators, and the ultimate testimony and lobby efforts for your bills. They did some long

hours, they lost accrued vacation time, and they did all this while keeping up with the everyday operation of the MPERA. Keep in mind that they did all of this while moving to a new office. Thank you Mike, Melanie, Kelly, and staff. Now it is time to go to work to implement all that has been created or changed. This is not an easy task. Many, if not most, bills need to be implemented by July 1. Our MPERA staff has a lot to do but they are good, really good, at what they do.

There are many who deserve your thanks. If you have an opportunity to thank your association representatives and those who testified, please do. If you have an opportunity to shake a legislator's hand and say, "thanks," don't hesitate. If you get a chance to thank our staff, in person or by phone, do it for sure. If you did not get everything you wanted from this Legislature, I hope that the above recital will give you direction for 2003. It was a team effort to say the least.

There are issues yet to be addressed in future legislation. Even though our staff will be very busy in the next eighteen months, we are already thinking about the 2003 Legislature. Be assured, we will have the best interests of our members in mind as we prepare for the next Legislative Session. Please feel free to submit any of your recommendations, in writing, to the Board.

From the Board, the staff, and myself: Have a safe and healthy retirement.

Judy Martz, Governor

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*This is an official
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Retirement Administration
(MPERA).*

Should any information in this newsletter conflict with statute or rules, the statute or rules will apply.

(GABA continued from page 1)

SB 89 Reduces Waiting Period

The amount of time you must wait before receiving an increase to your benefit, after your retirement, has been reduced from 36 months to 12 months. This legislation was introduced by Senator Mignon Waterman. The GABA increase for the calendar year begins with the January benefit after you have been retired for **12 months**. For example, if you retired March 1, 2001, you will meet the 12-month requirement March 1, 2002. You will receive your first GABA increase beginning with your January 1, 2003, benefit.

SB 235 Eliminates Restrictions

This legislation, introduced by Senator Vicki Cocchiarella, allows a retired member to continue receiving the GABA for their retirement benefit from one system while an active member of another public retirement system.

GABA Election

When the GABA became effective in 1997, all members of the **PERS**, **SRS**, and **GWPORS** automatically received the GABA. Members of these systems continue to automatically receive the GABA and will enjoy the enhancements passed by the 2001 Legislature. With the 1997 legislation, members of the **JRS**, **HPORS**, **MPORS**, and **FURS** could make a choice to elect GABA or not, depending on which benefit increase they felt would be most effective for them. HB 294, signed into law on March 29, allows for active and retired members of these four systems, who are not presently covered under the GABA, to file an

irrevocable election. The form indicating your choice to elect the GABA or not to elect the GABA must be completed and filed with the MPERA by December 1, 2001. Forms and information will be provided in this fall to help you make this decision.

Hours Increased for Working Retiree - PERS

Effective March 16, 2001, PERS retirees may return to work in a PERS-covered position for up to 960 hours in a calendar year without a reduction in their retirement benefit. The legislation providing for this increase, from 640 to 960 hours, is SB 37, sponsored by Senator Dale Mahlum. The benefit reduction of \$1.00 for each \$1.00 earned, when the following limits are exceeded, remains the same:

Under age 65 - up to 960 hours PERS-employment without a reduction in retirement benefit.

Age 65 to 70 1/2 - either the 960-hour limit **or** an earning limit, whichever is higher. The earning limit is equal to the member's highest average compensation adjusted for inflation.

Over age 70 1/2 - no limit.

Limitations for RIF and RIP Retirees (PERS)

Retirees who waived termination benefits under the State Employee Protection Act due to a Reduction in Force (RIF) or retired under the Retirement Incentive Program (RIP) are subject to special restrictions in addition to those discussed above for working retirees. These retirees may return to work in the same jurisdiction (all state agen-

cies and units of the university system are considered the same jurisdiction). However, they will forfeit the incentive if they exceed 959 hours in a PERS-covered position or 599 hours in a position covered under any of the other public retirement systems.

Purchasing Power Adjustment . . . PERS and MPORS



PERS:

House Bill 294, sponsored by Representative Dave Lewis, provides for a purchasing power adjustment for **some** retirees of the PERS. It grants an adjustment to provide a PERS retiree 75% of their benefit's original purchasing power. This legislation will affect only those who retired prior to 1982 and the increase will be included in the benefit payment **at the end of July**. It is estimated approximately 2,700 retirees are impacted. Retirees receiving this adjustment to their retirement benefit will be notified in July of the increase to their monthly retirement benefit.

MPORS:

The 2001 Legislature passed HB 491, sponsored by Representative Joe Tropila. This legislation benefits the retired members of the MPORS who did not elect the Guaranteed Annual Benefit Adjustment (GABA) provision. The benefit increase will bring individuals up to 75% of the "purchasing power" of their initial retirement benefit. The increase was included in the May retirement benefit, disbursed May 31, 2001.

When can you change your option?

(PERS, SRS, GWPORS, and JRS)

You may change your contingent annuitant or you may choose a new option if you selected Options 2 or 3 **and** one of the following applies:

- (1) The contingent annuitant dies; or
- (2) You are divorced from the contingent annuitant and the court did not grant the contingent annuitant the right to receive part of the benefit.

The change must be made within 18 months of the death of or divorce from the contingent annuitant. Contact the MPERA to receive an estimate of the new benefit and an application form to select the new option.

Note: Members who retired **after October 1, 1999**, selected Option 2 or 3, and meet one of the above conditions, may file a written application to have the Option 2 or 3 retirement benefit revert to Option 1, as was available at the time of their retirement.

Is it time to update your beneficiaries?

Designation of your beneficiary is extremely important. File a written designation of any beneficiary changes directly with the MPERA.

Survivor benefits are different in the various systems and are determined by the retirement option selected by the member at retirement. It is important that the MPERA be notified immediately

of the death of any retired member. We will work closely with survivors and beneficiaries to ensure proper benefit payments are made in a timely manner.

Going south for the winter?

If you are among the winter "snow birds," you might want to plan ahead for this vacation. Since the post office will not forward retirement checks, you will need to notify our office **in writing** of your temporary address. If you would like to sign up for the convenience of direct deposit, please contact our office for the proper forms.

As always, remember to keep us informed of any address changes so you will receive your tax forms, benefit notices, and newsletters.

Mission Accomplished!

We moved to our new location in downtown Helena in April. **It would be most helpful for the MPERA staff if you would make an appointment in advance when planning to visit our office.** We welcome the opportunity to serve our members.

Questions?

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